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II. UNFPA: ANNUAL REPORT OF THE EXECUTIVE DIRECTOR AND PROGRAMME-LEVEL ACTIVITIES

C. Work plan and financial implementation of programmes

1. The Deputy Executive Director (Policy and Administration) introduced the work plan for 1996-1999 and request for programme expenditure authority (document DP/1995/26) and the Status of financial implementation of country programmes and projects approved by the Governing Council and the Executive Board (document DP/1995/27). He pointed out that UNFPA income from regular resources in 1994 had increased by 20.8 per cent over that in 1993. He emphasized that UNFPA not only had spent its 1994 income in full, but had also significantly reduced carry-forwards from 1993 to 1994. He explained that the calculation of income projections contained in the work plan for 1996-1999 was based on the assumption of an annual United States contribution of $55 million and an 8 per cent increase per year in contributions from other donors. Concerning the distribution of programmable resources, he pointed out that the 33 per cent increase in absolute amounts provided to sub-Saharan Africa constituted the only significant change from the 1995-1998 work plan. He also emphasized that UNFPA was on target with regard to the financial implementation of its country programmes, but would need additional resources in order to provide the full amount required for those programmes.

2. Many delegations noted with appreciation the increase in the income of UNFPA and welcomed the improvement in resource utilization in 1994. However, some delegations felt that the carry-forward was still too high and urged UNFPA to take steps to resolve this situation. Several delegations voiced concern about the calculations used for the 1996-1999 income projections, which they considered too optimistic in light of the uncertainty of the contribution of one major donor and recent decreases in development assistance from some major donors. One delegation suggested that UNFPA should more actively pursue non-traditional channels of funding, and another sought information on the financial aspects of South-South cooperation.

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3. Several delegations, noting that a greater proportional increase in the share of resources for sub-Saharan Africa would be desirable, recommended revising the regional distribution of resources accordingly before adopting the work plan. Others, however, cautioned against such ad hoc revision of the work plan without careful analysis of the rationale and implications of a different allocation of resources by region. After a brief discussion, Executive Board members agreed that the issue of regional distribution, including the share of resources for Africa, should be reviewed in light of the future resource allocation strategy of UNFPA. The new strategy, which would be discussed by the Board at its first regular session 1996, should then be used as the basis for the next annual work plan. One delegation also suggested that the work plan should be revised to reflect the new programme priorities of UNFPA.

4. Concerning financial implementation, many delegations requested more analysis of the factors which account for variations in the implementation rates of country programmes. Several noted the lower overall implementation rates in African countries and requested explanations for the slow progress.

5. The Deputy Executive Director (Policy and Administration) thanked the Executive Board for the positive comments on the improved resource utilization rate of UNFPA and confirmed that UNFPA would continue its efforts to reduce the carry-forward amounts. He explained that the estimate of an annual 8 per cent increase in donor contributions was derived from the income patterns for the 1985-1994 period, which showed an average 9 per cent increase per year. Thus, UNFPA considered the income projections in the 1996-1999 work plan as realistic. He also emphasized that the work plan, as a rolling plan, was revised annually and submitted to the Board. Thus, adjustments could be made immediately should a drastic shortfall in contributions occur. He further explained that UNFPA was pursuing non-traditional sources of funding, especially in the private sector, but that results thus far had been marginal. With regard to South-South cooperation, he stated that the relevant financial data were included in UNFPA country and intercountry programmes.

6. In response to questions concerning the allocation of resources by region, the Deputy Executive Director (Policy and Administration) confirmed that the criteria used for the relevant calculations were taken from Governing Council decisions regarding the priority country system and other indicators for allocation, including those regarding programme areas. He stressed that the next work plan would reflect the new resource allocation strategy to be adopted by the Executive Board. Similarly, the new programme priorities would be used once a final decision had been taken by the Board. He reiterated that the increase from $54 million to $72 million per year in absolute terms for assistance to sub-Saharan Africa was considerable. Since a larger proportional share would imply a further redistribution of resources from other regions, such a revision would require the careful consideration of the Board.

7. With regard to the implementation rates, he noted that the present document was intended to provide an overview, as requested by the Governing Council in previous years. However, if desired by the Executive Board, UNFPA would be pleased to include in future work plans an analysis of the factors that determined the implementation rates for the individual country programmes.

8. The Deputy Executive Director (Programme) explained that the unpredictability of income inflows impeded the smooth execution of programmes, which in turn accounted for some of the variation in implementation rates. He noted that UNFPA had undertaken a number of initiatives to increase implementation rates in 1994. These included, among others, abolishing country ceilings, to allow for the full allocation of resources within the approved country programme, and requiring quarterly expenditure reports from all country offices, to enable UNFPA to review expenditure levels and to transfer resources between programmes accordingly.

9. The Executive Board adopted the folowing decision:

95/16. UNFPA work plan and request for programme expenditure authority

The Executive Board

1. Endorses the Executive Director's programme resource planning proposals set out in paragraphs 7 to 15 of document DP/1995/26, while taking fuly into account paragraph 4 of decision 95/15;

2. Approves the request for 1996 programme expenditure authority at a level equal to new programmable resources for 1996, currently estimated at $263 million;

3. Endorses the use of the following estimates of new programmable resources from regular resources for the 1997-1999 period: $280 million for 1997; $298 million for 1988; and $319 million for 1999;

6. Also endorses the se of of the following estimates of new programmable resources from multi-bilateral funding: $15 million per year for the years 1996-1999.

8 June 1995